International Journal of Research in Business, Management & Accounting
ISSN (Online): 2455-6114
Volume 02 Issue 01 January 2016
Available on-line at: https://gnpublication.org/index.php/bma
DOI: *https://doi.org/10.53555/bma.v2i3.1695* Received: *02-Jan-2016* | Accepted: *12-Jan-2016*

DEVELOPING CORPORATE RESILIENCE IN NIGERIAN SMEs: THE ROLE OF MANAGEMENT CONSULTANTS IN SOUTHERN NIGERIA

CHIKWE, GODDEY C
Department of Business Management Evangel University, Akaeze, Ebonyi State, Nigeria
chikwe.gc@evangeluniv.edu.ng
CHARLES, NWAJI
Department of Human Resource Management, Michael Okpara University of Agriculture, Umudike
BOMA, ABBEY-KALIO
Department of Business Administration & Management Ken Saro-Wiwa Polytechnic, Bori, Rivers State, Nigeria

Abstract:

This paper focused on developing corporate resilience in Nigerian SMEs: the role of management consultants in southern Nigeria. The paper adopted survey approach and the major instrument for data collection was a five point likert scale questionnaire. The data gathered was analyzed with t-test using the 20.0 version of the statistical package for social sciences (SPSS) at 0.05 level of significance. The study covered a population of 512 persons which consists of 112 management consultants and 400 management staff of 60 selected SMEs from Enugu, Imo and Rivers-state. The researchers used the Yaro Yamene's method to select a sample size of 225 persons. It was concluded in this paper that SMEs should develop resilience drive in their business approaches. The study found that due to dearth of resources and internal capabilities, there is need for SMEs to leverage on the services of management consultants. The p-value shows a 0.001 and 0.002 outputs, which reflects the significant contributions management consultants can make to the development of resilience in SMEs in turbulent times. This paper therefore recommends among others that state governments in southern Nigeria should provide business resilience targeted trainings to managers and owners of SMEs in order to prepare them with relevant and current knowledge that can guide their operations.

Keywords:

adaptive capability, consultant, Management, Resilience, SMEs, Strategic Planning

[*] *Correspondence Author:*

Email: chikwe.gc@evangeluniv.edu.ng (CHIKWE, GODDEY C)

INTRODUCTION

Founding and managing a business can provide both economic and socio-psychological benefits. Business managers in a bid to enjoy these benefits develop strategies that are aimed at helping them navigate through the complex and dynamic business environment. However, in some cases, these strategies when exposed to true market situation may not provide the expected result, hence business continuity is threatened. It is therefore natural that in founding and growing a new business that will withstand the harsh and unfriendly business climate in Nigeria, there is need to rely on time tested knowledge and approaches. While existing and big companies over time develop sufficient organizational memory that aids their adaptive capacities to sudden market changes and challenges which inhibits their competitiveness, new entrants and small businesses may have to fill this gap by relying heavily on market information custodians known as management consultants. The southern part of Nigeria is generally recognized for their ingenuity in founding, managing and growing small businesses. As much as huge successes are recorded, most of these businesses do not transform to large or mega outfits in their respective industries; partly as a result of environmental shocks. Globally, it is acclaimed that SMEs are the worst hit and the least prepared for any disruptive force in the business climate, this necessitates the need for them to rely on management consultants in times like this. Traditionally, management consulting was seen as a knowledge industry, applying and selling knowledge and experience for organizational change to create a more effective and efficient client organization (Werr and Stjernberg, 2001). Rassam (2001) elaborates further, stating that this view has been strengthened, which depends on the prerequisites clients have today. Accordingly, the most important factors' in production have traditionally been land, labor and capital. However, the undisputed importance of these factors has been challenged by the "new" factor, known as knowledge. Today, most companies' competitive advantage is constituted by their knowledge. It is of crucial importance to companies to be able to generate and exploit new knowledge. This has changed the management consultancy industry towards a further knowledge management oriented business.

According to Rebbeck and Knight (2001), management consultancy is mainly considered to be a service industry that acts on a truly global market level. The business is mostly known through the legendary "big" firms. Nevertheless, several small and medium-sized management consultancy firms exist across the globe. Consequently, they still compete with the larger firms in the local market. However, the larger firms claim to have a competitive advantage in their global knowledge net. In the view of Sadler (2001), there are three main tasks for a management consultancy practice: identifying a problem, recommending a solution and helping the client with implementation. These tasks can be achieved through a variety of different approaches. However, a consultant is required to have different skills to be able to perform different roles. Hence, the emerging question is how the management consultancy firm accomplishes these three tasks in helping small business to improve their performance? According to Long (2001), the answer is in the approaches towards these tasks, which can be found in the practices of the firm. Long describes the elements of a consultancy practice. He makes a division between the *outward facing aspects* and the *inward facing aspects*. The former aspects are constituted by market sectors, knowledge of technologies and alliances of key suppliers. However, the latter aspects address the consultants in the practice. The author states that a consultancy practice is nothing without their people. The inward-facing aspects are: Consultant skills and competences including credibility, integrity, imagination and the ability to influence customers.

Statement of the Problem

The continued existence and indeed corporate growth of every organization is often hinged on its capability to adapt to the changing physical and operational environment. The flux of change creates shocks that require strategic retooling. However, when organizations fail to give adequate attention to its employees training and knowledge reserve, such organization may be caught in the web of low patronage and in extreme cases, customer's protest and exit, this will affect the market share of the organization negatively, weaken their competitive strength, lead to customers dissatisfaction and ultimately create a poor brand image which will affect the corporate growth of small scale businesses negatively.

Market competitiveness is attained when wastages of all kinds are minimized to the possible state. When operational strategies are not adequately developed and effectively related to the employees, it creates room for wastages in form of increased employees' idle time, material lost, under-utilization of capacity and improper inventory management. These will create problems that will affect the competitiveness of small scale businesses negatively. Taking the myriad of problems identified above, the problem of this paper therefore is to examine the roles management consultants play in the development of organizational resilience among small and medium scale enterprises in southern region of Nigeria.

Objectives of the Study

This paper is aimed at investigating the involvement of management consultants in the development of resilience in SMEs by considering strategic planning and adaptive capability dimensions as the proxies of corporate resilience.

2. Review of Related Literatures

Management Consulting

Ainamo and Tienari (2002) refer to modern management consulting as an institution carrying independent advice across time and place directly into the managerial boardroom. The main purpose of management consulting is the creation of management practice. To fulfill that purpose, management consulting competes but also cooperates with academic institutions and media companies, thus forming a part of the knowledge management industry (Kipping & Engwall 2002.). The rationale for their claim is that consultancies and media companies are subject to increasing pressures for adaptation from practice, and companies are continuously increasing their influence on the contents of education. Similarly, the relationship between management consultancies and academic institutions plays a particularly important role: academic institutions, primarily business schools, are significant producers of future consultants but also developers of management knowledge. Management consultancies belong to a group of firms that, in the modern management literature, is described as knowledge-based companies. The main assets of such companies are the knowledge and competence of their personnel, which makes recruitment, division of labor between junior and senior consultants, and the facilitation of information sharing some of the key issues for consultancies.

Management consulting can be divided into three broad categories of consulting: strategy consulting, organization consulting and change consulting (Nadler & Slywotzky 2005). Although the three streams set out originally as distinctly separate practices, they have since then become seamlessly intertwined as modern day consultancies practice various combinations of those streams. In the following paragraphs, the streams are discussed in more detail. The first stream, modern *strategy consulting*, has emerged from economics. For the majority of its existence, it was regarded as a top-down approach that involved senior executives putting their stamp on the strategy and announcing it to the organization. The second stream of *organization consulting* has its roots in psychology, and it typically starts with small group dynamics and then looks upward at the organization. Although the two streams have traditionally been pronouncedly separate, they have become increasingly integrated with each other in modern management consultancies' offerings and practical work. The third stream, *change consulting*, has its origins linked closely to organization consulting. Because organization consulting traditionally involved a broad range of changes, its implementation required special attention to the human dynamics of change. Strategy consulting did not move toward change management issues until much later, since early strategy projects focused mainly on small groups of senior executives. Nonetheless, present-day management consultancies are increasingly involved in implementation and change management (Poulfelt et al. 2005). Although the three streams have become increasingly intertwined, management consulting companies have numerous dimensions on which to differentiate themselves. Companies are positioned on such dimensions as amount of client contact and degree of customization (Duboff 2005), providing infrastructure or problem solving services, having a sales driven culture or a strongly enforced core philosophy, and being an *expert* or an *advisor* (Maister 2008).

Perspectives on Management Consulting

- *The functional perspective:* The reasons that consultants exist from a functional perspective are that they do things clients can't (providing expertise), they fill in for managers (management substitute), have an objective perspective (outsiders) (O'Mahoney, 2010), provide access to methodologies (codification into best practice) (Baiij, Van den Bosch & Vol-berda, 2005), provide original thinking (leadership in research), validate internal decisions (legitimizing) or provide necessary skills and expertise absent within the firm. Frostensson (2011) argues that consultants who are perceived as elite consultancies – advocate that management consultants deal with strategy and high value added activities. They point towards the consultant as a *doctor8* who (a) identifies the problem (b) research and recommend a solution and (c) implement the solution. This stance might be justified in a functional and historical perspective; however, there has been a change in the societal context and what was before cannot wholly be applied today. However, the role of the traditional management consultants is converging with many other business areas due to their growing importance as a competitive factor for host companies (Kipping, 1999). A functional perspective that is derived from transaction cost economics and advocated by consultants themselves is that consultants help commodify knowledge and distribute it to their clients. In this perspective the consultant is dependent on a comparison on what the production of the service would cost in comparison to buying the resource from external distributors (consultants) (HickS et al,. 2009)
- *The critical perspective:* The critical perspective on management consulting developed a posteriori its growth among scholars and various business schools, looked at what role the consultant undertakes in social, political and cultural setting and how they affect the public agenda (Mohe & Seidl, 2011). When talking about the sociological function of the management consul-tant, there are according to Sturdy et al., (2009) two (opposite) dominant perspectives: consul-tants as innovators (bringing new knowledge) or consultants as legitimizers (legitimizing existing knowledge). The innovator perspective bears strong affinity to the functionalist perspective. O'Mahoney (2010) explains that the perspective on consultants as legitimizers is in stark contrast to the (functional) transaction cost economical perspective, since it does not involve direct economic benefit. Instead it involves justifying manager's changes and the consultant pro-vides outsider information and validation for the manager's ideas rather than providing expertise or working as "doctors". Sturdy et al., (2009) suggests that the critical perspective offers a broader view than the functional perspective.

Other authors adopting the critical perspective towards the role of the management consultant question the consultant's knowledge and expertise. They argue that consultants convince clients of their value, despite their lack of formal knowledge base. One such critical view on the role of consultants in the host organization is that of the "fraudster". In this perspective O'Mahoney (2010) explains, consultants are seen as tricksters or charlatans giving advice to clients that often does not yield results. In economic downturns, this behavior has shown to increase and includes: bribes, conflicts of interest and maximizing of the consultant's own benefit. Consultants can also be seen as skilled advocates of new management trends which, when implemented decreases jobs and consequently deteriorate firms performance (Sturdy et al., 2009). Others regard consultants' knowledge as a rhetorical constructs made available through the exercise of consultants power (Hicks et al., 2009).

Organizational Resilience

The term 'resilience' originated in mathematics and physics as a technical term used to indicate how much energy a material can hold under strain before failing (Castleden, McKee, Murray, & Leonardi, 2011). The concept has since gained a multidisciplinary status and has penetrated into several other disciplines like ecology, engineering and psychology as seen in the works of (Walker et al., 2002, Woods, 2006 and Antonovsky, 1996). Despite the varied use of the term, the concept of resilience can be understood across all fields of study as the capability and ability of a system to return to a stable state after experiencing displacement (Bhamra, Dani, & Burnard, 2011). Resilience in the organizational context is seen as the ability of an organization to achieve a higher degree of operating reliability and performance across a range of fortunate and less fortunate circumstances that firms may confront (Weick & Sutcliffe, 2007). Organizational resilience as a positive adjustment to challenging conditions conceptualizes responses as either resilient (being more likely in the presence of enabling conditions) or rigid (being more likely in the absence of enabling conditions). Such a construct yields two possible consequences to threats of either positive or negative adjustment. The ability to learn from mistakes and to quickly process feedback are highlighted but the actual core requirements for building a resilience capability in a firm that currently doesn't possess such capability remains unclear (Sutcliffe & Vogus, 2003) the potential to exhibit resourcefulness by using available internal and external resources in response to different contextual and developmental challenges" (Pooley & Cohen, 2010). Resourcefulness is a key factor of resilient individuals, who have a unique ability to improvise or acquire whatever they need to survive (Atkinson, Martin, & Rankin, 2009). There are several definitions emerging, however business resilience broadly refers to the capacity of the organization to perform well, irrespective of the economic climate or the organizational environment it operates in. This can occur through the implementation of risk management strategies (Tompkins, 2007), or by adopting innovative management practices which prepare the organization for the inevitable challenges they will face (Hamel & Välikangas, 2003).

Dimensions of Organizational Resilience

In a recent New Zealand study benchmarking business resilience, Stephenson, Seville, Vargo, and Roger (2010) identified two predominant dimensions which included thirteen indicators of organizational resilience. The two dimensions were 'planning' and 'adaptive capacity'. Planning involves risk management strategies, scenario planning exercises, and building strength through bolstering external resources in anticipation of a crisis. An organization's adaptive capacity is evidenced through several indicators which focus on the capability and capacity of internal resources such as; strong leadership, effective management, devolved and responsive decision making, an organization free from cultural and behavioural barriers, and one where innovation, creativity, and situational awareness are recognized as key to the organizations' future performance (Stephenson et al., 2010). Various other models said to constitute a resilient organization have been proposed. Parsons (2010) cites eight key attributes of resilient organizations as; situational awareness, agility and flexibility, change readiness, interdependency, teamwork, culture, leadership, and communication. Tompkins (2007) proposes that a four step action plan is necessary in building resilience to impending business disruptions; develop a comprehensive resilience plan, set goals, create strategies, and, evaluation and re evaluation. Hamel and Välikangas (2003) posits that for an organization to become resilient, they must address four challenges. The cognitive challenge involves being free of denial and facing reality. The strategic challenge requires awareness of opportunities and alternatives. The political challenge involves innovation of ideas, diverting resources from old programs to new innovations. The ideological challenge is about optimization of the business model through continuous renewal and reinvention.

3. Methodology

This paper adopted the survey approach. The major instrument for data collection is a five point likert scale questionnaire while the data gathered was analyzed with t-test using the 20.0 version of the statistical package for social sciences (SPSS) at 0.05 level of significance. T-test may be described thus: $t = \frac{\bar{x} - \mu}{\sqrt{s^2 / n}}$. where x bar is the sample mean, s^2 is the sample variance, n is the sample size, μ is the specified population mean and t is a Student t quantile with n-1 degrees of freedom**.** The study covered a population of 512 persons which consists of 112 management consultants and 400 management staff of 60 selected SMEs from Enugu, Imo and Rivers-state. The researchers used the Taro Yamene's method to select a sample size of 225 persons.

4. Results and Discussions

The tables below shows the SPSS output of the data used in this study;

One-Sample Statistics

	N	Mean	Std. Deviation	Std. Error Mean
SP	10	32.3000	19.57918	6.19148

One-Sample Test

	Test Value = 0					
	t	df	Sig. (2-tailed)	Mean Difference	95% Confidence Interval of the Difference	
					Lower	Upper
SP	5.217	9	.001	32.30000	18.2939	46.3061

Discussion: From the SPSS output table above, the p-value is 0.001, which is less than the 0.05 level of significance. Hence; the null hypothesis is rejected which implies that management consultants can assist in developing the strategic planning capability of SMEs which is an integral part of their resilience

One-Sample Statistics

	N	Mean	Std. Deviation	Std. Error Mean
AC	20	45.0000	16.16689	3.61503

One-Sample Test

	Test Value = 0					
	t	df	Sig. (2-tailed)	Mean Difference	95% Confidence Interval of the Difference	
					Lower	Upper
AC	12.448	19	.000	45.00000	37.4337	52.5663

Discussion: From the SPSS output table above, the p-value is 0.000, which is less than the 0.05 level of significance. Hence; the null hypothesis was rejected which implies that management consultants can assist in developing the adaptive capability of SMEs. Comparatively, the two results shows that influence of management consultants is seen more in the development of SMEs adaptive capability in southern Nigeria.

5. Conclusion and Recommendation

Governments in Nigeria over the years have strived to provide sufficient support for SMEs survival and growth but the recent social and civil uprising (militancy, IPOB, etc) in southern Nigeria has created a difficult operational terrain for SMEs southern Nigeria. It is concluded in this paper therefore, that SMEs should develop resilience drive in their business approaches. However, due to dearth of resources and internal capabilities, there is need for SMEs to leverage on the services of management consultants who over the years has acquired requisite knowledge that can aid the survival of organizations in turbulent times. This paper therefore recommends that;

i. State Government in southern Nigeria through their SMEs support programmes should provide business resilience targeted trainings to managers and owners of SMEs in order to prepare them with relevant current knowledge that guide their operations.

ii. In order to mitigate the high cost barrier of consulting with private management consultants, SMEs southern Nigeria should form learning and development clusters. This will help them contribute to a common pool of fund, thereby spreading the burden while enjoying economies of scale.

iii. As a socially responsible outfits, management consultants in southern Nigeria should always avail SMEs especially beginners with a free market information. This will help them realize the essence of management consultants in their growth process thereby eliminating the feeling that the use of consultants is the exclusivity of large or highly profitable firms

REFERENCES

Ainamo, A. & Tienari, J. (2002). The Rise and Fall of a Local Version of Management Consulting in Finland. In Kipping, M. & Engwall, L. (Eds): *Management consulting: Emergence and Dynamics of a Knowledge Industry*. UK, Oxford University Press.

Armbürster, T., & Glücker, J. (2007). Organizational Change and the Economics of Management Consulting: a Response to Sorge and van Witterloostuijn, *Organization Studies,* Vol. 28, No. 12

Atkinson, P. A., Martin, C. R., & Rankin, J. (2009). Resileince revisted. *Journal of Psychiatric and Mental Health Nursing, 16*,

Bhamra, R., Dani, S., and Burnard, K. (2011). Resilience: the concept, a literature review and future directions. *International Journal of Production Research*

Castleden, M., McKee, M., Murray, V., and Leonardi, G. (2011). Resilience thinking in health protection. *Journal of Public Health, 33*(3)

Duboff, R. (2005): The Marketing and Selling of Consulting Services. In Greiner, L. & Poulfelt,

F. (eds.): *The Contemporary Consultant.* Canada, Thomson South-Western.

Frostenson, M. (2011). Lectures during the course "Communication, Consulting and Change, Uppsala University

Hamel, G., & Välikangas, L. (2003). The Quest for Resilience. *Harvard Business Review*, 81(9): Hicks, J., Padmakumar N., & Wilderom, P.M. (2009). What if We Shifted the Basis of

Consulting from Knowledge to Knowing? *Management Learning,* Vol. 40, No. 3 Kipping, M. (1999). American Management Consulting Companies in Western Europe, 1920 to

1990: Products, Reputation, and Relationships, *The Business History Re-view,* Vol. 73, No. 2

Kipping, M and Engwall, L (2002). Introduction – Management Consulting as a Knowledge Industry, in Kipping, M and Engwall, L (Eds) *Management Consulting – Emergence and Dynamics of a Knowledge Industry*, Oxford: OUP.

Long, (2001) *The impact of IT on consultancy practice* in Sadler, P. (Ed) Löwstedt, J. (ed)

Management in the Thought-Full Enterprise, Fagbokförlaget, Bergen Maister, D. (2008). *Strategy and the Fat Smoker*. USA, The Spangle Press.

Mohe, M, & Seidl, D. (2011). Theorizing the Client-Consultant Relationship from the Perspective of Social-Systems Theory, *Organizations,* Vol. 18, No.1

Nadler, D. A. & Slywotzky, A. J. (2005). Strategy and Organization Consulting. In Greiner, L. & Poulfelt, F. (eds.): *The Contemporary Consultant.* Canada, Thomson South-Western

O'Mahoney, J. (2010). *Management Consultancy*, Oxford University Press

Parsons, D. (2010). Organisational Resilience. *The Australian Journal of Emergency Management 25*(2)

Pooley, J. A., & Cohen, L. (2010). Resilience: A Definition in Context. *Australian Community Psychologist., 22*

(1).

Poulfelt, F., Greiner, L. & Bhambri, A. (2005). The Changing Global Consulting Industry. In Greiner, L. & Poulfelt, F. (eds.): *The Contemporary Consultant.* Canada, Thomson South-Western.

Rassam, C. (2001). *The management consultancy industry* in Sadler, P. (Ed) *Management Consultancy*, Kogan Page Limited, London

Rebbeck, M. and Knight, A. (2001). *Global consulting* in Sadler, P. (Ed)

Stephenson, V. (2010). *Benchmarking the resilience of organizations* (Doctoral dissertation).

University of Canterbury, Christchurch, New Zealand

Sutcliffe, K.M. & Vogus, T.J., (2003). Organizing for Resilience. *In* Cameron, K.S., Dutton, J.E. & Quinn, R.E. eds. *Positive organizational scholarship: Foundations of a new discipline.* San Francisco: Berrett-Koehler

Tompkins, J. A. (2007). 4 steps to business resilience. *Industrial Management, 49*(4) Weick, K. E., & Sutcliffe, K. M. (2007). *Managing the Unexpected: Resilient*

Performance in an Age of Uncertainty (2nd ed.). San Francisco, CA: Jossey-Bass.

Werr, A. and Stjernberg, T. (2001). What knowledge is managed? An exploration of knowledge in management consulting, *Organization Studies*